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C O N F I D E N T I A L SECTION 01 OF 02 KHARTOUM 000052

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DEPARTMENT FOR A/S FRAZER, S/E WILLIAMSON, OBO, AND AF/SPG
NSC FOR PITTMAN AND HUDSON
ADDIS ABABA FOR USAU

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TAGS: [PGOV](#) [PREL](#) [KPKO](#) [UN](#) [AU](#) [SU](#)

SUBJECT: FINANCE MINISTER REFUSES TO RELEASE NEC CONTAINERS
UNLESS EMBASSY PAYS DUTIES

Classified By: DCM Roberto Powers, for reasons 1.4 (b) and (d)

¶1. (C) Summary: GOS Finance Minister Zubair Ahmed Al-Hassan told visiting PDAS Linda Thomas-Greenfield that he will not authorize the release of the containers for the New Embassy Compound unless the Embassy pays the customs duties and demurrage fees, due to the deteriorating relationship between the U.S. and Sudan. Al-Hassan said the release of the containers last year was a one-time exception but Sudan-U.S. relations have deteriorated even further since then. Thomas-Greenfield told the Finance Minister that political issues should be separated from Embassy issues and pointed out that the State Department has facilitated a new location for the Sudanese Embassy in Washington and will assist with an OFAC waiver for the mortgage. CDA Fernandez pointed out that the State Department likely will not authorize payment of customs duties, which by international convention should be exempt. End summary.

¶2. (U) Visiting Principal Deputy Assistant Secretary (PDAS) for African Affairs Linda Thomas-Greenfield and CDA Fernandez met with Government of Sudan Finance Minister Zubair Ahmed Al-Hassan January 13 to request the release of the containers for the construction of the New Embassy Compound (NEC). Completion of the NEC has been held up because 26 containers with materials for the project are currently blocked because the GOS will not approved customs exemptions to clear the materials from the port.

¶3. (C) Minister Al-Hassan welcomed PDAS Greenfield and expressed his condolences for the tragic deaths of the two USAID employees on New Year's Day. PDAS Greenfield thanked the Minister and pointed out that this tragic incident demonstrated clearly the dangers faced by U.S. diplomats. PDAS explained that the purpose of her visit was to request the release of the containers for the NEC project. She invited the Minister to visit the current embassy, which is unsafe and in terrible condition. PDAS pointed out that much of the NEC is complete and sought from the Minister a commitment to move forward, noting that everyone had told her that the Finance Minister is the one to meet with about the containers. PDAS suggested that closing the project would not be good for U.S.-Sudan relations.

¶4. (C) Al-Hassan said he explained the Sudanese position on the NEC containers to NSC Africa Director Bobby Pittman during his October 2007 visit to Washington. Al-Hassan said that Sudan wants better relations with the U.S. "in security cooperation, and in many other ways" but that U.S. sanctions are hurting Sudan and that the U.S. has prevented Sudan from

having normal relations with the World Bank and the IMF. He also noted that Sudan's accounts had been frozen and that money from these accounts had been awarded by the U.S. courts as compensation for the USS Cole attack. Al-Hassan said that U.S. policy had also created problems for the Sudanese Embassy in Washington, which as a result of sanctions must be audited monthly, which costs the Embassy \$3000 per month in accountancy fees. Al-Hassan claimed that the U.S. gives development and humanitarian assistance to the South and to Darfur, but not to the North, and that USAID does not coordinate with the Sudanese government regarding its assistance to Sudan. Al-Hassan also claimed that the National Intelligence Service is mocked "for giving free meals to the U.S. for nothing," noting that Sudan had received nothing in return for counterterrorism cooperation and that Sudan is still on the State Sponsors of Terrorism list. "All of this bad treatment by a rich country like the U.S. which is now trying to get exemptions - I'm not going to help by giving those exemptions." Therefore, concluded Al-Hassan, "I cannot advise my government to give you the materials free from duties." However, Al-Hassan offered that if the U.S. is willing to pay the customs fees and demurrage charges for the materials, he will release the containers.

15. (C) PDAS Greenfield suggested that political issues should be separated from embassy issues and pointed out that the State Department has facilitated a new location for the Sudanese Embassy in Washington and will assist with an OFAC waiver for the mortgage. PDAS said that the State Department has assisted with every problem faced by the Sudanese embassy in Washington. PDAS pointed out that, contrary to Sudanese media reports, the new U.S. Embassy in Sudan will not be the largest U.S. Embassy in Africa - that Pretoria, Nairobi, and Cairo are much larger - and explained that the only objective

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is to provide U.S. diplomats with a safe place to work. With regard to the claim that the U.S. does not coordinate with the GOS on development and humanitarian assistance, PDAS said that USAID can provide information on its activities in Sudan to improve cooperation in this area. PDAS explained that some parts of the U.S. Government are trying to remove Sudan from the State Sponsors of Terrorism list, but that like in Sudan, there are various parts of the government with different points of view. PDAS also pointed out that Sudan benefits from counterterrorism cooperation.

16. (C) CDA Fernandez reminded the Finance Minister that the customs and demurrage fees issue was discussed in September 2006, and that President Bashir exempted incoming containers of building materials from all customs and other duties in spring 2007. At the time, the State Department made clear that according to the Vienna Convention, diplomatic missions are exempt from paying these fees, and that while the Embassy can certainly check with the Department again, it is unlikely that the USG will pay the fees. With regard to U.S. assistance to Sudan, CDA pointed out that the U.S. has provided assistance to the North, such as the relief assistance provided during the flooding of the Nile. CDA also pointed out that the Sudanese people will benefit from the NEC, since it will allow the Embassy to begin providing visa services in Khartoum.

17. (C) Al-Hassan replied that the NEC is not essential for good relations between Sudan and the U.S. "26 containers are not a priority against good relations," he said. "We released the first batch last year in the hope that relations would improve." However, as you are a strong country, "we hope that you will be the initiator of improvements in the relationship."

18. (C) PDAS Greenfield concluded acknowledging that "we may not agree today" but promised to assist with the Sudanese Embassy in Washington and urged that the two countries continue in a respectful relationship. PDAS warned, however, that she cannot allow the U.S. Embassy to remain where it is

now.

¶9. (C) Comment: We have heard most of the Finance Minister's arguments before, though perhaps not articulated quite this clearly. The offer to allow the U.S. to pay the customs fees is a red herring because the Sudanese know from our meetings with them last year that the USG will not pay such fees. However, it is likely the Sudanese will hold up this offer as an example of their "flexibility" on this issue, knowing that the offer is meaningless, and too little, too late.

¶10. (U) PDAS Thomas Greenfield did not have an opportunity to review this cable prior to her departure from Khartoum.
FERNANDEZ